GOVERNMENT OF INDIA
URBAN DEVELOPMENT
LOK SABHA

UNSTARRED QUESTION NO:760
ANSWERED ON:29.02.2000
PROPERTY TAX
RAMPAL SINGH

Will the Minister of URBAN DEVELOPMENT be pleased to state:

(a) whether the Government propose to implement `Unit Area System` for assessment of property tax in the country;

(b) if so, the details thereof; and

(c) the benefits likely to be accrued from this system as compared to the previous system?

Answer

MINISTER OF STATE IN THE MINISTRY OF URBAN DEVELOPMENT (SHRI BANDARU DATTATREYA)

(a)&(b): Ministry of Urban Development have issued guidelines to State Governments and Union Territories for the property tax reforms. These guidelines interalia deals with the Area Based Property Tax Model.Under this method, tax on built up property (both residential and non-residential) is linked to the factors like
(i) location of holding;
(ii) use of a holding;

(iii) type of a construction;
(iv) carpet area of the building. Since property tax is a State subject it is for the concerned State Governments/Union Territories to adopt area based property tax model.

(c): The area based property tax model is considered to be more practiced and useful in comparison to other property tax model. Following are the main objectives of the Area Based Property Tax Model:-

(1) Low rate of property Tax so as to make it acceptable by the public at large.

(2) Minimise the discretion on the part of assessors in tax levy;

(3) Make the process of assessment, levy and collection transparent and simple;

(4) Ensure equity between different classes of tax payers/property owners;

(5) Facilitate self assessment of property tax by property owners/occupires.